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# REPORT OF MASS MEETING

ADDRESSED BY

## MR. AARON SAPIRO

In Third Avenue Methodist Church, Saskatoon,  
Saskatchewan, on Tuesday, August 7th, 1923

HON. CHAS. A. DUNNING, Premier of Saskatchewan, in the Chair.

Ladies and Gentlemen: It is a pleasure to have the opportunity of presiding at what I believe is destined to be a get-together meeting. (Applause.) A great many people, in fact, most of us, long ago reached the conclusion that something must be done. There was, however, and possibly still is, great difference of opinion as to exactly what that something should be, culminating in this series of meetings in Alberta and in Saskatchewan, in an endeavour to unite upon a course of action in connection with grain marketing which would produce the results so much needed by the farmers of these three western provinces.

I would not like to think that anyone would get the idea that the fact of my presiding here to-day indicates that this is in any sense a government scheme, a government trap, a government plan, or a government anything-else. As the chief hired man of the Province of Saskatchewan it is my duty to be at the disposal of the people at all times. I sometimes say that I am a hired man with 757,000 horses and sometimes I think they want to pull me in 757 different directions at once. An experience as a hired man on a farm, however, where equal rights between man and wife prevailed, gave me an excellent training for this kind of work. Equal rights may be very fine indeed for the ladies; I have no doubt they are, but I can say from experience that they are very, very hard indeed on the hired man. (Laughter.) Something must be done! I have been endeavouring during the last few weeks in meetings at which some of those present here to-day have heard me—I have been pleading that there should be unity of action on this problem. (Loud applause.) Only yesterday, before the Royal Grain Commission of Inquiry, I stated what I believed to be true, that any marketing system involving the pooling plan, must, to be successful, involve one pool for the Province of Saskatchewan and not two. (Loud and prolonged applause.) My reason for that is the belief—indeed knowledge—that if there are two organisations the farmers will pay for the organisations; and if there are two organisations the likelihood of strife between them is very great indeed, and if there is strife it will be expensive—and again, the farmer will pay! No, indeed! There must not be two organisations fighting each other in this province! If anything is evolved, it must be evolved by reason of a whole-hearted desire on the part of the great bulk of the farmers of the Province of Saskatchewan that it should be evolved. It cannot be imposed on them by the Government, and I can assure you that it is not going to be imposed on them by the Government. It will spring from the desire of the people for it, and their unity in attaining the object sought. We are all hoping that out of these conferences that are being held, a plan behind which every farmer of the province can stand will be evolved. I think you are wise, and I agree with Mr. Sapiro, fully when he says you cannot mix marketing with politics or with anything else. (Loud applause.) I agree that politicians should not undertake the direction of the marketing scheme. (Applause.) Many of you who have known me for a number of years know when I became a politician I ceased to be anything else. (Laughter and applause.) And I can assure you that it is a full-time job! But the principle, ladies and gentlemen, the principle behind that is sound. One objective, and one only—the marketing of the particular product entrusted to the organisation, whatever its character may be! (Loud applause.)

Well, now, it is not my business to make a speech here this afternoon, except by way of this introduction. The Government will not interfere with you. If you evolve anything, the Government does not want to be connected with it, so that the statement cannot be made or the insinuation made anywhere, that it is a government scheme, or a political scheme, and I give the assurance here—as I have given it in many places in Saskatchewan during the past month—as I gave it to Mr. Sapiro more than a month ago—the moral sup-

port of the Saskatchewan Government is assured for any sound pooling scheme having the support of the farmers of Saskatchewan. (Loud and prolonged applause.)

Now it is my duty to introduce the speaker of the afternoon. He enjoined on me not to say anything about him, in introducing him, except that he was born in the City of San Francisco, and having been embarrassed myself on many occasions by unduly flattering introductions by kindly-disposed chairmen, I am inclined to let it go at that. MR. SAPIRO! (Loud applause.)

#### ADDRESS BY MR. AARON SAPIRO

We have met together for a discussion of co-operative marketing. Now we want to make certain that we understand the same thing when we use that phrase, because there have been more false forms of co-operation than there have been sound and successful forms. There have been 20 times as many failures in co-operative marketing as there have been successes. That even applies to my own State of California, because there we went through every kind of wrong movement, and we committed every possible kind of blunder, before we ever succeeded on any of the co-operative marketing activities. There is no such thing as a story of unbroken success in co-operation. The subject was too new. The farmers had to learn, and they had to learn the new art of running the business end of farming like a business; they had to learn that art while everybody else was trying to throw bricks at them and throw obstacles in their way. So blunder after blunder was committed, but the farmers have learned—in some sections. In some sections it takes a little longer to learn, but they did learn. In California, after 21 years of real experimenting, they learned something about co-operation, and since the year 1906, there have been 22 distinct, different associations or groups of associations in the State of California doing a business of around \$250,000,000.00 a year. Since 1910 they have handled more than two billion worth of products through pure co-operatives, run completely by the farmer and his hired man. They went through their failures. They, like you, started in originally to imitate the British Rochdale system of co-operation, and that system is absolutely good for stores, for local consumer activities; it really worked in England, and England is not primarily an agricultural country; it is primarily a consuming country. The system, therefore, which worked well there does not necessarily fit the United States or Canada. On the contrary, we should have imitated Denmark, where they had a different type of organisation—and it took us more than 20 years in California to recognise that one primary step! In many sections of Canada and in quite a few sections of the United States they have not awakened to the fact that the Rochdale system was intended for consuming co-operation, and has no relation to farmer co-operation except that it is a guarantee of absolute failure for farming! We had to learn that in California by failing, and failing, and failing, until gradually we worked out the real system. Not very much attention was paid to the California co-operators. People would hear of them in the East, and say: "Those California fellows are organised on fruit; they are organised on oranges, or cherries, or prunes, or strawberries, but these things are just fruit, and the principle will not apply to anything else." Gradually the Californian began to do the same work with things like eggs, and the East began to sit up and take notice. They did not take very much notice, because it is hard to teach the Middle West and the East in the United States, not to mention how hard it is to teach certain sections of Canada! It was hard to teach those groups because they had started first. Certain states, like Missouri and Kansas, have had much more co-operation than the State of California, but it has been wrong in principle and practice, and each time you had one of these co-operatives you had a man with a job, and he liked his job, and he did not like any change in that job, and the scheme failed. All through the Middle West and the East, and perhaps even in Canada, there were all kinds of farmer movements that heard of California, but they said: "That is a movement that refers to prunes," and they did not think it could possibly apply to anything else under the sun! The result was that there was very little imitation of California until the last few years. Suddenly came the big collapse of prices, right after the war, and California actually stood up under that collapse! California, with the heaviest freight rate in the Union and a lot of luxury foods, with her natural disadvantages, with all those handicaps, was just about the only state in the Union that neither wanted nor asked for government help! They did not want the Government to give them a cent! They did not want the Government to give them advice! Those farmers were standing on their own feet, and did not show red ink returns even for the year of collapse. The farmers in the rest of the United States began to hear of that, and wheat growers, and cotton growers, and tobacco growers, and potato growers, and bean and rice growers began to inquire about California. Some of them even went to the extent of getting together and sending

a man out to California to look into the system there, and began to say, "Maybe the Californians have something!" "Maybe they have something that the rest of the country has overlooked!" They found out that there was really something in that State. These farmers had ceased to give all their attention to production, and had learned to give some real attention to marketing. The rest of the country found out that the California farmers not only were doing things on marketing, but actually knew what they were doing, and why they were doing it. They found out, first, that those California farmers faced themselves squarely; when they formed an organisation they did not just say: "Let us organise something for some purpose, and after we get the organisation, think out what we will do with it." The California farmers, when they organised, organised to accomplish one specific thing. That is the first thing that hit these Easterners, because they were used to a lot of those associations that visited the sick and buried the dead, but did not accomplish the facing of the real farm problems, and they found that in California the farmers faced the one great problem of the farm—namely, marketing—concentrated on that, and stuck to it until they solved it. What, actually, have those Californian farmers done? What have they demonstrated to all others? They have handled perishables and semi-perishables, and non-perishables, and for the benefit of the newspapers that seem absolutely determined to throw bricks at all of us I want to say that there is not a type of commodity raised on the farm on which co-operative marketing has not been demonstrated in the State of California. When I say "co-operative marketing" I do not mean selling only; I mean gathering the product, storing the product, actual financing, constructing warehouses, financing the market, and finally distributing the product. California has been a perfect laboratory on this subject; they have done the experiments there; they have had their failures there, and they have had their successes there—but they have learned by failure what to avoid, and by success what to continue, and when we come and discuss this subject with you more or less positively we do not do so because we read about it in a book, or read about it in an editorial; we have seen it done time after time by farmers' organisations and their hired men. So, positively, I say to you that the farmers of California have learned to run the business end of agriculture like a business? How do they do it? The first thing those farmers say is: "What is the aim of co-operative marketing?" They do not say, "Let us organise." They say, "Let us organise for co-operative marketing," and they were organised for co-operative marketing. Then they say, "What is the thing we want to accomplish?" Do not start anywhere unless you know exactly where you are going. Do not let any man organise you in the idea that all you need to do is to have an organisation, and after you are organised you will find out your aim, because you may have the wrong kind of organisation for the aim he hopes to bring you to. In California the rule is: First understand where you are going, and when you get that clear, then build the right kind of machine to take you to that place, and then, when you have the machine built, make sure you get the right kind of driver for that machine! (Loud applause.)

What do they mean, first, by the aim of co-operative marketing? Here it is: We do not organise co-operation associations in California for the purpose of making slight savings in packing, or slight savings in handling, or for the purpose of organising stores which will buy coal, or sacks, or binder twine. Either we solve the central problem or we do not waste our time on co-operation at all. What is the central problem? The central problem of co-operative marketing, the central problem of the farm is to try to stop dumping by the farmers! You look at me as if that is merely a word—and it is! I will explain to you what we mean by dumping, and then I will explain what we mean by merchandising, because we think the aim of co-operative marketing is to save dumping of farm products, and instead of dumping to introduce merchandising of farm products. Well, what do I mean by dumping? Well, so that it will not hurt your feelings, I will talk about cotton. In the Southern States there are 1,200,000 families that raise cotton, and cotton comes up on a stalk and has to be picked, and then it is taken to a gin and run through a ginning machine that tears the seeds away from the cotton, and then it is put in bales of five hundred pounds each. The farmer takes the bale to town, and he bumps into a country buyer—or he used to—and in some places they had these country buyers so well organised that they would stand out in the street, and the farmers would come with the carts and mules over the hill, and the buyers would look for them with glasses, and the first fellow to see a farmer would throw up an arm—and that farmer was his, and the other fellows could not possibly buy from that man. The farmer would come to the street buyers and say, "I have a bale of cotton here, and I want to sell it. I saw in the papers, or in an announcement, that the price in New York was 16c for good cotton, and I think my cotton is pretty good." That farmer did not know

his grade of cotton, first of all. Cotton is graded by the amount of foreign matter mixed with the cotton. If it is pure white, it is worth more than if it is slightly discolored or grey cotton. Cotton can be taken in your fingers and stretched out, and you can see its actual length; you can see whether it is  $\frac{7}{8}$  inch, or 1 inch, or 1-16 inch, or  $1\frac{1}{4}$  inch, and every sixteenth of an inch has a value of from two to four or five or six cents a pound of your cotton, and the difference between good milling cotton and poor milling cotton may mean as much as four and in some cases seven cents a pound. Well, the farmer would not even know the grade or staple lengths of his cotton. What is worse, he would not know whether England was in the market for 5,000,000 or 2,000,000 bales of cotton; he would not know what Japan was going to do; he would not know whether France was in the market for half a million or 8,000 bales. He would not have any conception of the buying power of the countries that were going to take cotton. The day before he had gone to his banker and said "Cotton is about sixteen cents at New York; that means it will be, here, about  $14\frac{1}{2}$ ¢ for milling cotton. I don't know if I ought to sell my cotton. What do you think I should do?" The banker would say, "How many bales do you expect from your twenty acres?" The answer would be, "This year I will have four or five bales from the twenty acres." The banker would calculate that, and say, "Well, I don't know whether the market is good or bad; all I do know is that you have a note at this bank for \$400.00; and all I want to say to you is that I would be perfectly willing to let you carry that note over for a good long time, but it is not my money, it is the money of my depositors, and I have got to get that money into the bank, and—I don't know whether the market is right and I don't want to advise you to sell—but I think you ought to pay that note." (Applause.) Then the farmer would go home and say to his wife all that the banker had said to him, and the wife would say, "Well now, Jim, I think we will have to sell the cotton, because maybe the market will go down, and maybe they will attach us if we don't pay the note, and at least there will be a few dollars over, and I have to buy some things for the children and pay the doctor's bill. Let us do the best we can, and get what we can on the market." So Jim would go down and start to deal with the buyers, and the buyers would know the grade all right, and the staple length all right, and they would know what the market ought to be on cotton all right, and they would know what the British demand for cotton was, and what the Japanese demand was, and this little farmer, oppressed by his debts and by his needs, would just dump the cotton on their laps and let them take the cotton at what they told him was the market current value for that cotton. And Jim would be going through the same process as 1,200,000 other farmers in the harvest season, eighty per cent. of the cotton being dumped on the market within the first fifty days after ginning. That is the famous dumping system, by which the farmers of cotton are so blind and so helpless that each one takes his cotton and throws it on the market against every other farmer who is selling cotton at that time, and they break the price of cotton by dumping on the market more than that market can absorb at any given time. Who breaks the price of cotton? Not the speculators at New York, and not the speculators at New Orleans; not the speculators at Liverpool! The growers break the price by dumping during the fall and breaking the basic price for the entire season's crop of cotton. Of course you are thinking that awfully foolish, and that farmers who had any sense would not think of doing any dumping. I would not like to hurt your feelings by saying that every farmer in the world who sells as an individual—whether it be wheat, or prunes, or cotton—is dumping his product and breaking his own price by the dumping process. We in California learned that a long time ago. We learned that dumping can be almost expressed in this old axiom—if one thousand men are trying to sell something to five men, those five men always name the price; but if those five men are trying to buy something from one central office, that central office has something to say about making the price of the product. (Loud applause.) And we found out that the thing to do, the fundamental thing, was to stop the dumping of farm products, stop individual selling, stop local selling, and organise the commodity on such a plan that you can sell a great portion of that commodity from one office on a straight merchandising plan. By "merchandising" we mean control of the flow of any given commodity, so that it goes to the markets of the world, wherever they are, in such times and in such quantities that they will be absorbed at a price that is fair under current conditions. We have grown sick and tired of having the people say to us, "Supply and demand fix the price." We know it does, but they forget to tell us that there are two little words in supply and demand that really determine the farmer's price, and those two words are "where and when," "time and place." The dealer—why, take this year—he tells you you are going to have the most enormous overproduction of Canadian wheat;

he tells you you are going to have half a billion bushels of Canadian wheat; he tells you it is more than the world can possibly take. "Why," he says, "the whole world is going to be full of wheat, more than the world will consume." But will he buy your wheat? Why, every bushel of wheat that you raise, those dealers will buy! Of course they will buy at a price fixed by your dumping method, and your panic over the idea of over-production—but as far as the dealer is concerned he will buy your whole crop, he will buy the entire American crop, the entire Argentine crop, the entire Australian crop, the entire Indian crop, the entire Roumanian crop, and all that the Russian government will let him buy of the Russian crop. He will buy the whole blamed thing, and feed it out to the markets of the world, and let the millers and the consuming markets get all they can eat this year—and the balance he will carry over until next year, because next year you are going to be so blue because your price was so low, and your banker is going to be so discouraged he will lend you very little, and you will put in a smaller crop—the price will then go up, and he will sell that wheat that he bought this year at a low price at a high price, because that wheat is good—wheat is non-perishable, and the wheat will live in storage—and wheat will make money next year for him as well as the wheat that he sells this year to make money for him. The only man who does not try to merchandise his wheat is you! The farmer who produces the wheat! The dealer will buy your full crop, you will dump it into his lap, and then he will merchandise it, he will centralise it, he will move it out into the markets of the world only as and when and in such quantities as those markets are able to absorb it at a fair price. Why, the dealer is a real merchant, and we admire real merchandising so much in California that we have studied all that those dealers do, and then we have decided that there is not a thing the dealers can do that the growers cannot do if they are rightly organised, and we have imitated and copied all that they do that is worth while, and now we merchandise farm products just as they used to merchandise farm products, and instead of breaking our price in the crop harvest season we are merchants, and we sell what the markets will absorb at that time, and the balance we store; and the balance we find new markets for; and the balance we warehouse; and the balance we carry over, and carry over, just as dealers will do this year to your crops if you do not organise in time. Why, you thought it was terrible because those poor Southern cotton farmers had to dump their cotton. Well, do not look so far away from home, and maybe you will find some of your neighbors who dump wheat in exactly the same way as those Southern farmers have dumped cotton—and do not ever forget that cotton is supposed to be the best and easiest farm crop to handle. Two-thirds of all the cotton of the world is raised in this southern group of states, raised by Anglo-Saxon men, supposed to be the finest type of Anglo-Saxon and Scandinavian people on the continent, and guess what they have been averaging for the last ten years, from 1910 to 1920? Those families have been averaging a net return of \$390.00 a year from these great cotton crops! But have you ever figured what percentage they are getting out of the consumer's dollar? Go to it, and you will find that you pay enough for cotton—you will find that the spinner pays enough for cotton—you will find that the cotton makes everybody rich who touches it except the man who is the original producer; you will find that cotton enriches every finger that is placed on it, except the man who has created that wealth! And then, again, if you look a little nearer home you will find the same thing happens with your wheat. Wherever farmers sell as individuals, all they can do is dumping; wherever they sell as a collective group, they have a chance to merchandise. I hope you will learn that. It is a most important thing to learn in co-operation. In California we do not waste our time on handling anything else until we achieve that one aim. We keep our attention on that; we do not let anybody swerve us from it to do something else. We do not go to the farmer and say: "We cannot solve your marketing problem, but we will save you two cents on your sacks." It is a waste of energy and time. Either solve the main problem of the farm, or be fair enough to the farmer and tell him to go to the city and become a bricklayer, or a carpenter, and keep his family on a decent standard of living without being beholden to any man on earth. We have learned in California—first, see the aim, see it clearly, and go after that aim. That is the first step. Stop dumping and substitute merchandising! Well, now, that is not enough. That simply means to see where you are going, and you have the right spirit. Right now you have the finest co-operative spirit in all the land, but that is not enough. Spirit alone will not build things; you have got to know how to build the machine to take you to that particular goal, and if you make a mistake in building the machine all your work is done in vain. We call the building of the machine the technique of co-operative marketing, and I am going to give you that in a nutshell.

The first thing is, you have got to organise by the commodity, and not by the locality. You can organise locals to receive, and grade, and store, but you must organise by the commodity for all your selling purposes. Now there are limits to that. For example, wheat is raised all over the world; and you could not possibly start in to organise one world association for wheat—but, later on, I will tell you what you can do with wheat, and I will tell you what you want to do now is to organise by each one province, and tie those provinces together until you get Dominion wheat, organised by the commodity. Do not imitate what we did in the United States. You can study States like Kansas and Minnesota. Minnesota has had more co-operative milling than any other state in the entire union, and almost all of it has been wrong and useless. Why? Because they organised by locality, and all they did was massed dumping instead of individual dumping—but they kept dumping! Then the Minnesota farmer wondered why, when he was organised, he was not merchandising, he was getting no results in marketing because he was organised wrongly. Please remember that! Organise by the commodity, not by the locality. Organise locals if you wish for receiving; for grading; for manufacturing; for packing; for storing—but organise by the commodity for marketing.

The second principle is, you must organise on an absolutely non-profit basis. Rochdale elevators buy one man's wheat for eighty cents. They do not say, "The market is likely to go up; maybe you had better not sell to us." They say, "This fellow wants to sell; we will take his wheat," because they are not in the business to lose money, and then, if the market goes up and they make a little money on that, they take the profit they make from that man and they put some of it out at 8 per cent. dividends, and the balance goes on produce dividends and patronage dividends among the men who deliver wheat to them. They make money off some farmers, and hand it to other farmers. A Rochdale organisation is impossible in California today. We passed that place more than seventeen years ago. A Rochdale organisation that makes profit off one farmer and gives it to another is not a non-profit sharing co-operation; it is a profit-sharing co-operation. You must be on an absolutely non-profit basis, in which your organisation cannot make one cent of profit, or one cent of commission, or one cent anywhere off the farmer. It must be service and nothing more, and it must be non-speculative, it must not handle anything except the commodity that it is organised to handle. If you organise a wheat association, do not handle potatoes. If you organise to sell wheat, do not buy twine. If you want to go into the packing business, organise it separately, but if you go into the marketing association, make it only the one thing that you organise to handle. Now, you may crop a few grains together; you could crop, if you wanted to, wheat, oats, barley and rye together. That would not be a wise thing to do in your first year, until you had first gotten yourself started on wheat, but the rule is, **STICK TO YOUR COMMODITY, AND HANDLE THE COMMODITY YOU ARE ORGANISED FOR!** Do not let anybody talk politics on a co-operative marketing association, and, above all, do not let anybody handle a single bushel of wheat for a non-member. We have discovered this in California; we operate on a non-profit basis, and every man in the association gets treated exactly alike. We do not let some fellow come in and try to get the benefits of co-operation who has not enough of the spirit of co-operation to become part of the picture. We will not take one pound of prunes from an outsider; we will not take one pound of raisins from an outsider; we won't take a bushel of beans from an outsider; we won't take a sack of almonds from an outsider; we won't take a bale of alfalfa from an outsider! We serve our people for merchandising on a non-speculative, non-profit basis. We don't want to make money from the outsider; we don't want to lose money on the outsider. We don't want any outsiders to be, and if there are any, we won't let them use our facilities unless they become members of our co-operative. You must be purely non-profit, purely non-speculative, and serve your members on the contract basis that you have decided on at the start.

Then you must be democratic in control—one man one vote throughout. Any co-operative that allows proxy voting should be abolished by law! Every man should participate in elections, and if they cannot come themselves, you should make them participate through postcard ballots. You must have democratic control—one vote, one man.

Then you must have district directors. If it is a small kind of organisation, anything around 10,000 members, you can create regular districts, and have the growers vote directly by postcard ballots, first for a primary election and then for the election of the director in that district. When you get over 10,000, you may have to use delegate voting, just as we do with the Burley Tobacco Growers' Association. The members in that association elect 22 directors. We divide the territory into 22 districts, and in each district the growers elect a delegate

by post card ballot, and they elect one delegate for every million pounds of tobacco in that district. That will mean eight or ten delegates in a district; they elect a director from that district, and he has got to be a man who lives in the district and grows tobacco in the district, so that a grower does not have to spend \$4.00 or so in railway fare getting to the director, and if the grower has a kick he can go and see his personal director and stand on his doorstep until the kick goes home to the fellow who represents him on that board of directors. You must district for directors. You must not allow inter-locking of directors. Then get your directors concentrated on that one marketing form of work, and only elect the type of men who will concentrate on that problem. And, gentlemen, let nobody suggest to you to elect one-third one year, and one-third the next year, and one-third the third year. Elect them all annually, so that if they are unsatisfactory you can kick them out annually. (Loud applause.) Do not let some men perpetuate themselves by that clever three-year rule. We used to do that in California, and when they would act so that we wanted to get rid of them it would take two or three years to get rid of the men who should have been kicked out at a day's notice. Observe that at the start, and observe it carefully. Suppose you have your directors elected, your manager chosen, and your secretary booked, and a nice office with your name painted on the door, and you have your clerks inside ready to receive business—that is how we would be in California, and then—we would wait for the business to come! We did not have any contracts. The grower would start to come in with some grain, and the buyer would meet him and say, "Where are you going with that?" "I was going to go out to the co-operative." "Well," he would reply, "I will pay you a bit above market if you will deliver to me." Two cents above market looks good, and before we would know it all our grain would be going to those speculators and your co-operative would be sitting there all dressed up, but with no place to go. (Loud laughter and applause.) So we learned something! We learned that co-operatives die if they don't have an absolute certainty that there is going to be a product delivered to them, and so in California we learned to use the written contract. We never operate otherwise. Now, I cannot emphasise that too strongly to you. Do not monkey with co-operation unless you are going to use the written contract first, because then you have the certainty that you are in business and can sell something; secondly, you have the authority to sell some things in advance; and third, you know definitely what your rights and obligations are. I read, for example, in one of the papers that some of your people were planning making a wheat pool without a written contract. If they had done that they would have found themselves in the worst mess that the whole province has ever seen! I say that because I have had the privilege of observing what happened in such cases. When you have a pool, one man may deliver his wheat, and you may sell it at 85c; another man may deliver some wheat and you sell it at a different time at 80c. They are supposed to get the average season's price, and we will suppose that to be 82c. The fellow will come along and say, "You sold my wheat at 85," and you say to him, "Why no, this is a pool." He will retort, "Where does it say you are entitled to sell my grain and give my money to somebody else?" and then he sues you, and busts you up, and we find that he sues the individual directors for running the business that way, for converting his extra two or two and a half cents, and if he does here as successfully as they do in some other places he will dig up every director on the job who has \$4.00 worth of property and sue him! So you have got to have a written contract. Without a written contract, do not talk pooling or co-operation.

Now what kind of a contract should you have? Here we are, getting to the war! First, the contract must be a long term contract! How do I know that? Well, of course, you people are saying, "How dare you say that, when the Saskatoon 'Star' told you it need not be more than a one-year contract, and the Lord knows that while the Saskatoon 'Star' means well, it got its instructions from the Regina 'Leader.'" (Loud laughter and applause.) And then the Regina 'Leader' means well, but the trouble is this, you see—when you wanted somebody to come up and give you some suggestions about co-operative marketing you did not send for an editor from California—you sent for somebody who had a little experience in co-operation, and ought to be competent to talk on co-operative marketing. If I want a man to do law work for me I don't go to a butcher; if I want a man to do doctor work for me I don't go to a lawyer; and if I want a man to give me expert work—expert advice—on co-operative marketing I would go to a co-operative marketing expert, and if I were an editor I would not think—because I am an editor, I am constituted a co-operative marketing expert, and start to lay down the laws along which co-operation must be done. (Loud applause.) We want the support of the newspapers—if it is intelligent. If we cannot get the support of the newspapers by an intelligent movement we will have to get along without that support—but

whatever you do, do not let any newspaper shunt you into unintelligent co-operative marketing. I have often wondered this. Our experience in California was very peculiar. Sometimes we would start a co-operative, and we would usually have to have an open fight to put this long term contract over; now, there is, no open fight, but everything fine. Farmers come up and say, "I am in favor of co-operative marketing, but I don't like that contract; it should be seven years instead of five. If you don't make it seven years instead of five we won't sign it—or, if you don't make it eleven years instead of seven, we won't sign it." The clever way is to say you are for co-operation; then bring out one point that you know will make it a failure, and then, of course, you hide your attack by an attitude of difference of opinion—legitimate difference of opinion—on some detail of co-operation. You watch out for that in this province, because it is the cleverest way of fighting co-operation—that I know. It is the old story—you know the story of the man who was going home drunk—of course nobody does that in Saskatchewan, but we used to do it, and this story occurred before the Volstead Act occurred in my country. This man was muttering to himself, and he says, "I am going to go home, and I am going to say to my wife 'Is dinner ready?'" and if she says "No," I am going to raise Cain, and if she says "Yes"—**I AIN'T GOING TO EAT A BLAMED THING!"**

Now let us get back to the contract. The contract must be a long term contract. A one-year contract is not worth the paper it is written on. Oh, but the Saskatoon "Star" says the one-year contract is the right thing! Why? Because a five-year contract might work for prunes, but it won't work for wheat; it might work for perishable fruits but not for non-perishable commodities. There is not a non-perishable organisation on the so-called commodity plan that has not got a long term contract—cotton, tobacco, even potatoes. It is the only the perishables that have the short term contract, and even they have had it started in with the long term contract. It might not have taken the orange growers twenty-one years to find this out if they had started out right at the start, instead of with the one-year arrangement. The long term contract is necessary for a non-perishable commodity. 890,000 growers in the United States have signed these contracts in the last three years, and they are all for five, seven or nine years, dealing primarily with non-perishable products. Why do they do it? Most of them are wrong—except the "Star" and the "Leader." Why do they think they ought to do it? If you sign growers up for one year, all through that year it means that the speculators are going around saying, "You should have stayed with me, because here is Jim Brown on the outside. I took care of Jim Brown; I got two cents extra for him." And then at the end of that year you have to spend \$100,000 putting on a campaign, you lose a few fellows who fell for the speculator, and you never get a chance to get your machine going in a decent, commercial manner. The one year contract means that you are signing up for perpetual war. A five-year contract gives you a chance to get in line.

But there are other reasons. You are going to build warehouses, store houses, elevators and all kinds of things. How are you going to pay for them with a term of one year? It cannot be done. But if you have a long term contract you can amortize. Then you are to ask big men to work for you. Who is going to work for you with a one year contract? That was why you could not get the men you wanted to run your Wheat Board. They said, "Why should we take this temporary thing, and next year the Wheat Board will not be in existence. If it does not work perfectly we will be the goats anyhow, and if it does work perfectly we will be out of a job anyhow." (Loud laughter and applause.) I find out I did not make a bad guess! If you want big men to work for you, you have got to give them a permanent basis to work on.

What are you going to do with wheat when you get it? You are going to borrow money on it. The speculators will say, "You lend that co-operative money, and we will not deposit with you." If you have a five-year contract, the bank, will say, "All right, good night; I would rather have the deposits of those fellows." But if you are organised on a one-year basis, the banks will think about that twice.

You are going to get special agents and try to sell to millers. Suppose these speculators served notice on the millers, "You buy from these co-operatives, this year, and you won't buy from us." They notified commission houses that if they dealt with us they could not deal with them when the co-operative went under, but when we started to get tied up to five and seven year contracts, we went to those firms and said, "Yes, we have organised; we have 75 per cent. of the prunes signed up, not for one but for five years. If you discriminate against us the first year you will discriminate for five years." We did not let them discriminate against us because we were going to be there permanently,



and we found out that when you have your long term contract, you can develop your personnel, you can make your trade connections, and banking connections, and you can really get the business going. With a one year contract you are doomed!

Now, I am not suggesting something to you that is not even fashionable among co-operatives. Tell the editor to study Denmark, and he will find that there are some fifteen year contracts in Denmark; he will even find that in Denmark they have signed some contracts where they are bound for life with each other. In some cases he will even find places where the farm is bound for generations even. Although the owner dies, the rest of the family goes on fulfilling the contract to the co-operative. The long term contract is the heart of all co-operative marketing, and without the long term contract do not start the campaign. Let me put it to you this way: I learned this from an old farmer in California. We were putting on our campaign in one of the co-operatives, and a man from Guggenheim and Company said, "Do not tie yourself up for five years with this association; if they make it a one year contract, take a chance for one year." The farmer said, "Now, see here; either I sign up for five years with this man, who is also signing up with me—either I sign up for five years with my own class, or I am signed up to you for life, only it is not a written contract, and you have not told me what price you will give me for my raisins each year." Either it is a long term contract with your fellow grower, or it is a life sentence to the speculator. You take the choice!

But that contract has to have more than that. The contract has to provide that the association will receive and grade the product, then that he will pool by grades, then that he will sell, that he will take only the cost of doing business and perhaps one per cent. reserve, and the entire balance has to go back to the farmers, so that each man gets the same as every other man for the same quantity, quality and grade of product, and every director has got to be in the same pool as the farmers. They want to get a good price for their own stuff; they have got to get the very same price for the smallest man in the whole association. If they want to put a charge on the other man, that same charge has got to go on their own things. You have to get an absolute community of interest right from the start. That is the famous internal pool in California, and without that you can have all the favoritism you want, but you cannot have co-operation, and you cannot have merchandising.

Now, mind you, you don't want to have directors who are provisional directors signed up before you sign the contracts, because they will not sign the contracts, and you will have the business run by men whose pocket books are not tied up with yours. Only wheat growers in a wheat association, only those growers electing their own men as directors, those directors in the same pool as the growers, absolute community of interest; those directors will stay awake nights figuring out ways not of helping you but ways of helping themselves—and they have got to help you because of that internal pool. Without the internal pool do not talk of co-operative marketing for non-perishable products.

But you have got to have more than that. The contract must provide that if a man has a mortgage on his commodity, he can still sign the contract, but he puts at the end of the contract "I have a crop mortgage on in favor of the Union Bank of Canada," or whatever the bank may be. And then we provide in the contract that he does not have to deliver that crop unless we can make some arrangement for the association to handle it. Then what do we do? A member of the association goes over to the bank and says, "You have the crop mortgage on this crop, and you are entitled to take it. We will ask you to let us act as collectors for you. If you will let us handle the wheat we will pay over all the proceeds to you until your loan is discharged, with costs and interest, and charges in full, and only the balance will go into the pool. We will protect your loan, and save you the trouble of taking action yourself. If you will do that, you will at least be helping us to get orderly marketing, so that that stuff will not be dumped on a bad market at a bad time, and will not make the price of the whole crop even lower than it is now." Now 90 per cent. of the bankers will agree to that, but if there are a few who won't agree, what you want to do is to get your memory working well, because we also provide in the contract that the growers may put mortgage on their crops, only they must notify the Association that they intend to do so. They do not have to get the permission of the Association, but it gives the Association the opportunity to say, "There are four bankers in your town; banker "A" would not co-operate with us; bankers "B," "C" and "D" did co-operate. We urge you to go to one of them, and transfer all your business there." So gradually you build up your friends, and we forget Banker "A" just as he has forgotten us. No, sir, the mortgage end is not ignored in your contracts, but we try to arrange things with the bankers so as

to protect the bankers on their claims and at the same time carry out the idea of orderly marketing of the crop.

There are more things in that contract. The contract will provide you can keep anything you want for seed or feed, and if you have certified or registered seed that is sold in a separate pool for the personal account of the grower who raised it.

Then you will have to have some provision about how you will deliver your crop. You know ultimately you will have to own all your country elevators. You cannot start that way, but ultimately you will get there, and you will own those elevators by buying them over a period of five years. All you can do at the start is to make a contract for the use of those elevators, and in the contract keep an option to buy them up, paying at the rate of one-fifth each year, so that it will not come too heavily on any one crop. You want to buy existing elevators, or make contracts with existing elevators. We never build a new one if we can acquire an old one. An elevator man is legitimately in business, and we have no right to make him jump his concern as long as he is ready to do business with us. You may say, "These men won't play with us." I don't believe that. The Province of Alberta is not very far from you, and in the Province of Alberta they have been discussing the same thing, and we discussed this matter with some of the elevator men. The result was that Mr. McFarlane, who owns about 25 per cent. of all the elevators in Alberta—the Alberta Pacific Company—offered all his string of elevators to the new co-operative, and said he would be willing to sell to them on the five-year basis, and would be willing, himself, to go and work with the group wherever they wanted him. The United Grain Growers showed the same attitude and Mr. McRorie made the statement publicly. That would give us 40 per cent. of the elevators in Alberta. Much to my amusement today I got a wire from John Gillespie, of the Gillespie string of elevators in Alberta, saying that they will be able to sell at any reasonable rate. This, together with the U.G.G. group, would give over 60 per cent. of all the country elevators in the entire Province of Alberta in two days. Sixty per cent. of their elevators promised to the pool! (Loud applause.)

I am of the opinion that all the good citizens of Canada do not grow in Alberta. I think you have your share of them here in Saskatchewan, and it is my opinion that you will find a similar response here in Saskatchewan, and that before you are finished you will have piles of those elevators absolutely handed to you on a fair basis. But your contract has to foresee that, and make some provision, and make contracts with those elevators, and also get contracts to buy—or rather options to buy them on the amortization plan over a five-year period.

Contracts must even say that the Association should borrow money on the grain, making a fair advance payment to the growers. That means if you deliver this year while wheat is so low, you ought to be able to pool and pay to the growers about 75 per cent. of the current market of grain. They get that within twenty-four hours after delivery, and then you do orderly marketing with the grain. Maybe you think that the Saskatchewan bankers will not be able to lend you enough money. I was rather interested in a report I got that the opinion of the banks was that they would like to lend, but that their Eastern managers said that they could not lend unless the Government would guarantee the credit. That amused me, because in California, if our Government had been asked to guarantee our credit we would have been furious. We will not let anyone regard the co-operatives as a ward of the Government. We stand on our own basis, and we do not ask any man to lend us a penny unless we put up good and square collateral for it—and your wheat—and the cotton of the south—they are the best collateral in all the world. It does not have to have a government guarantee behind a loan on wheat. You don't have to have anybody, you don't have to go to anybody on your knees when you ask to borrow money on your wheat, properly stored! I talked this over with a couple of New York bankers before I ever came out here. I explained to them just about the kind of plan I am going to outline to you later, how to organise this thing, and they told me any time the Canadian Growers wanted it, if the Canadian bankers were nervous or felt a little cold about the feet, that they would put at their disposal from \$100,000,000.00 to \$200,000,000.00 to help out. (Loud applause.) Any time you are organised right, and any time you have the collateral you don't need to worry about borrowing money for advance payments. And rates? I, personally, represent co-operatives that borrowed last year, on cotton and tobacco, \$170,000,000.00. And interest? We averaged 5½ per cent. interest, some of the money being loaned to us as low as 4½ per cent. It can be done—if you organise right! Your contract has to foresee that.

But your contract must have more than that. It must have a provision that you must get a minimum on which to operate. Your minimum here should be

50 per cent. or over of the wheat acreage of the entire province. The rule in California is "Don't start small; either start right or do not start at all." We have got to have that absolute minimum. I will tell you why. First, so that you will be the biggest operators in your commodity, so that you will be able to hire big men to work for you, and be able to pay your overhead without its costing any one bushel of wheat too large a percentage. You must be the biggest operator in the field in which you operate. You have got to be the dominant note—or nothing at all! Do not start with less than half, because if you do it will be like those associations in the United States, which sort of scratch along, never solving the problem, because they fail to observe one of the necessary principles in technique, and that is—get a high minimum at the start, and do not start without it. Why, in California, 75 per cent. of the acreage of prunes is our minimum. Even for eggs, we have this big Poultry Producers' Association, and in every contract it said, "The Association is no good unless these contracts are signed, in the aggregate, by owners of one million hens." We knew that the eggs from one million hens would be enough to support our overhead and make us the biggest dealers in California. We grew because we performed, and now we have 2,200,000 hens laying eggs under contract for that Association. (Loud laughter and applause.) So you want to get your minimum here, and you don't want to start without it.

There is only one other thing left for the contract, and it is this: You have got to make your contracts enforceable. You must make them so tight that if a grower gets seduced by a dealer or speculator, you can hold him to his own contract, and make him honour his own signature even if he forgets to do so. Of course no Californian would really break one of those contracts, but sometimes a man moves in from Nebraska, and he signs up the contract, and figures that he will welsh against the growers, and when he does we go after him like a ton of bricks, and under the laws that we faced under thirty States of the Union they gave the growers the right to do so—and we put this, also, in the contract, so that if a man breaches his contract you can get an injunction to stop him delivering outside, and then get an order from the Court to make him pay up all the costs of chasing him down! It works! And then, worse than that, we have established the rule that we can now and then use injunctions against the dealers who try to get these men to break their contracts with the co-operatives. You men, of course, in the co-operative know you are honest, and will honour your contract, but you know your neighbour may be a bit white about the gills. Remember your contract will hold your neighbour to you, and you to him. If you get a real co-operative contract you will deliver your wheat under the contract, and each man of you can sleep soundly of nights, knowing that he has signed up with all his fellow growers, and that the amount of wheat covered by those contracts will be the amount of wheat handled by that Association. And, men, that is the whole technique of co-operative marketing—organised by the commodity, non-profit and non-speculative association, with democratic control, district for directors, with long term contracts, enforceable written contracts that provide for pooling by grades, that provide a method for securing plants, that provide a method for financing yourselves, and that are enforceable by law if you ever have to go into court with the contract. There is the whole technique. Do we read about that in a newspaper editorial or in a book? No! We get it in our office. We keep a record of every contract, not only used in the State of California but practically all the contracts used in the United States, and then we check up what happens with these associations, and we notice which associations fail and which succeed, and then we make a collection of the principles that seem to work, first, with perishable products, and those that seem to work with non-perishable products, and by observing the failures as well as the successes we have finally learned what the technique of co-operative marketing really is. I am telling you that so that you won't think some man from California had the utter impertinence to come up here and tell the Saskatchewan growers things he drew out of the air. It is out of the experience of farmers handling, just like you, non-perishable products, just like you, some of them even handling wheat, not just like you, but wheat somewhat like yours—but handling it in a big co-operative spirit. No guess work! No reading of editorials! Although I do read them, because I would like to learn, even from editorials, if they had something to teach, and you also want to read them and try to learn from them—but don't let them shunt you off on some little, immaterial point; don't let them get you away from all co-operative marketing under the guise of making a constructive criticism of some one detail of a co-operative contract. I have given you that technique. I gave it to you at some detail, so that you would know we were not doing guess work when we tell you there is a technique for co-operative marketing. If you know where you are going, and then if you have the machine built—that won't settle your problem. You have got to

have the right driver for that machine. If you fail on the aim, or if you fail on the technique, or if you fail on the driver—any one of them—you are a failure for all. Remember that. What is the rule, then, about the driver? Well, it is simple enough in California. We say "No amateurs allowed." We get the ablest men we can to run the business. We do not get farmers who are expert on production to do selling. We get the expert seller to do our selling. We get railroad men to take care of transportation problems; we go to the banks to get men to help out at our banking problems. I told you we got cheap interest rates? We do that because we pay to have some bankers come in and teach our members the difference between bankers' acceptances and straight interest, and we found out that the cheapest credit in the United States could be secured by bankers' acceptances. None of our growers knew of it, except that a few of us read the law on it, and knew the points. We called in some bankers and worked it out so that for years we have been getting money in certain associations, we have been getting money at 4% per cent by use of bankers' acceptances. We got technical experts, and sometimes they disappointed us, but we kicked them out quick and got men who would act. As a class, we got some of the best men in the United States to run our co-operatives, and I notice that when the British Columbia Fruit Growers wanted a general manager they did not stick to British Columbia to get the best man they could, but they sent down to California and got Pratt to take charge of the British Columbia Fruit Growers' Association, and got a chance to get on their feet. Get the most efficient men! We never say, "Where is the cheapest man we can get"; we say, "We have the biggest business in California"—just as grain is the biggest business in Saskatchewan—"and we want the biggest man to run that business," and we pay him a fair price for his services. It is not a decent thing to demand a fair price for wheat, and not pay a fair price to the men who secure it for you. Now don't get shocked, but the Cotton Growers have a man named Howell at Atlanta, Georgia, who is the supervising salesman, and who gets \$50,000.00 a year salary from the growers—and he is worth that and ten times more! Just remember this: Who is paying the salary of every man in the grain trade to-day—the grain trade of Canada? Who is paying his travellers, and his expenses, and his dividends? Who is paying the salary of his office boy, and of his clerks? Who is paying for his book-keeper? Who is paying for his stenographers? Who is paying for all his equipment? Who is paying for all his bonuses? He? No! **YOU ARE PAYING EVERY CENT OF THAT!** But you have no right to choose them; you have no right to say what they will receive; you have no right to fire them when they do not make good. You are paying their expenses, and salaries, and profits, and bonuses, and commissions, and dividends—every penny out of your pocket! We had that in California, and we decided—let us put those people to work for us, and not against us, so we got the ablest men we could and paid them decently, and the result is they built up great big businesses for us, and our director is there on the job all the time. Why? Not because they are better men than your directors, but because their pocket books are tied up with the interests of every pocket book of every member in the Association, and they are watching their own interests—but they are also watching and caring for every grower in the whole co-operative organisation.

Now I want you to bear that in mind—the rule with men is that the best is none too good for the farmers, and the best in the trade are already operating to exploit you, so you might as well get a couple on your pay roll to serve you instead of exploiting you. That is the rule in California, and that is the whole co-operative movement.

I told you the aim, and the technique, and I told you about personal control, unity. You may say can these things apply to wheat, because you have been told wheat is different from prunes and raisins. Ever since I started out advocating this, every time we would start a new co-operative some wise person would get up and say, "Mr. Sapiro, that will work with prunes, but not with eggs," or, "It will work with eggs, but not with strawberries," or it won't work with beans, or it will work with one kind of beans but not with another; it will work with grains, but not with walnuts, or it will work with walnuts, but not with tobacco; it will work with cotton, but not with nuts; it will work with nuts, but not with potatoes; it will work with potatoes, but not with maple syrup." And by the Lord, it works with all of them! There has never been a commodity organised right, along proper technical lines, where there is co-operative marketing has not worked when they have had half-way decent management. Well, will it do it with wheat? Of course when I say yes, they will say "Don't you realise that wheat is a world product, different from fruits which are handled the half world over." Sure, I know wheat is different from prunes. I never saw wheat growing on a tree, and I do know that wheat does grow all over the world. So do eggs! And yet we handle eggs co-operatively

out of California, and we have one organisation handling a good deal more than 20,000,000 dozen eggs a year out of California, and getting good prices for our eggs in New York City. In fact we get a premium of from 2c to 4c a dozen in the New York market over the Long Island eggs—and our eggs are fourteen days old when they get there! You cannot do things along a certain specific method that applies to every commodity. You can get results quicker with some than you can with others, depending on all kinds of circumstances, but there is not a commodity on earth which is not better off when it is merchandised than when it is dumped. That is the thing for you to bear in mind. To be sure, you are not going to raise your level of price 82c a bushel by handling a co-operative this year, but nobody is promising you blue sky. All we tell you is, co-operative marketing gives you a chance to make good for yourself; it gives you a chance to stop dumping, to substitute merchandising. Indeed, how much you can do by merchandising depends on the commodity, depends on your percentage of control, depends on your method of handling that commodity with that percentage of control.

Now let us talk about wheat. You know all about wheat. You know better than I that wheat is produced in every civilized country in the world, only some countries produce more than they eat and some countries produce less than they eat, and those countries that produce more than they eat are Canada, the United States, Australia and New Zealand, the Argentine, India, Russia and Roumania. These are called, usually, the surplus producing countries. They have something that they can ship outside to the countries like England, which eats more than she produces, or France, which usually eats more than she produces, or Belgium, or Germany, which imports wheat when it can afford to pay for the wheat. These are the surplus countries, however, and of those surplus countries Canada is the most important, the reason being that their surplus this year should be around 300,000,000 bushels. The United States produces about one-fourth of the wheat of the world, much more than Canada, but out of 800,000,000 bushels we will eat or use for seed about 600,000,000 bushels, and have only about 200,000,000 to export, and of that 200,000,000 a vast amount of it will be our soft wheat, so that Canada not only is the biggest exporter of wheat in the world but it is the biggest exporter of the best quality of wheat. Canada is the most important word in the wheat markets of all the earth. There is not a day of the year when wheat is not being harvested somewhere; there is not a day in the year when you cannot get some information about coming wheat crops; and there is a little group of men that sits at Liverpool, and that think of wheat from the world standpoint. They do not think about 2,000 bushels in your back yard; they think of the thing from a world standpoint, and there is no merchant in the world who knows the commodity market like those British cotton and wheat merchants sitting at Liverpool. They have their information bureaus all over the world. Likewise at Chicago there sits a group of philanthropic wheat handlers, and you have what they call the Grain Exchange at Winnipeg—and, by the way, the Grain Exchange is perfectly justified until you set up a system which makes them unnecessary—but you have a few there who sit and study wheat. What do they study? They know that the millers grind wheat every day, but they are selling flour all the time, and the wholesaler has to have flour on hand, and the retailer has to have flour on hand, so that when you want to bake bread you can buy the flour. The wheat out of which that flour was made was not bought yesterday; it may have been bought six months before. You cannot tell when it was bought, because they have got to keep their grains moving constantly so as to see that the millers get enough wheat to grind, and to see that the wholesalers have flour on hand, and the retailers have flour to sell to you. So the minds of these men begin to move into what they call "futures." They have to study futures so as to determine how you will buy flour. They see the wheat crops coming up all over the world, they have their news service out all over the world. Let us instance the Armour Grain Company. The Armour Grain Company not only buys and sells wheat, but it buys and sells wheat contracts for future delivery, or future purchase of wheat. It got so used to dealing in futures that it finally decided—why deal in wheat at all for the future? Why not just take a gamble on the contract? Why deal in wheat when all we are interested in is the money, and we can make the money just as well by dealing in paper contracts as wheat contracts. So the Armour Grain Company have men at Chicago and Liverpool and Winnipeg. They buy and sell future contracts, and those contracts do not necessarily involve wheat, because if you or I wanted to go on the Chicago Board of Trade and have a little flutter in wheat, we could go down to one of the houses and say "I want to buy 100,000 bushels of wheat, or sell 100,000 bushels of wheat," the fellow will not say to you "What are you going to do with 100,000 bushels of wheat if you have to take it?" If he did, you would say "I am just going to sell it, and if the market goes down I will ask you to buy it in and give me the difference, and if the market

goes up I will pay you the difference so that you will be safe, and I will put up a little margin of money," and he will sell the 100,000 bushels of wheat for you. Now when that wheat is sold on the Board of Trade at Chicago he goes on the market and sells it, and writes a contract. He does not say "This is for a lawyer who never intends to handle the wheat." He does not say "This contract is a sheer gamble." It is a contract for the sale of wheat, and that paper contract for 100,000 bushels of wheat, that gambling contract, bears down the market on your wheat just as if I had thrown 100,000 bushels of wheat on that market. And of course there is no gambling in Chicago! But just look at some of the figures, and you will see that in some years they handle thirty times as much as the entire wheat crop produces in the United States. Don't talk to me about hedging! It is not hedging at all! There is mightily little hedging, there is mostly gambling, and your price is made by paper contracts and not by wheat contracts. Well, how do they operate that? Suppose the Armour Grain Company has been guessing that the wheat market ought to go down. They say, "We know these farmers are all going to dump in the fall," and they will knock the market down a bit so they will sell wheat short. The next agent suddenly finds that a little bug is eating up the Argentine crop, and the Armour Company gets the message that the Argentine crop is going to be short. What will they do with this news? Do you really think the Armour Grain Company gives that information out? Not on your life! They change their market position; they sell out, or buy in against their short line, then they suddenly give the information out, and then the world knows that a bug is eating up the Argentine wheat. And in the meantime you have been selling your wheat on the information that they have chosen to give out to you, to get you to believe that there is over-production. You act on the information that these speculative dealers choose to give you. They get that news; no power on earth can make them give it to you, and they do not give it to you unless their market position warrants it. And you sell your wheat—you sit in your back yard with two thousand bushels of wheat, and you try to think that you do intelligent marketing against those fellows who operate all over the world, who operate with paper, with credit, with contracts, with false news, with bad news, with whatever news they have whenever they want to operate—and then you think you have a chance to do intelligent marketing on that basis. No! You have got to take a few pages out of their book, and the first page you have to take out is this: Study wheat from a world standpoint, and not from a backyard standpoint! "Oh," you will say, "can we do that in Canada?" Why, men, have you ever watched the Chicago Board of Trade? They get news in there that a little bug is eating up a few bushels of wheat in the Argentine, and as soon as it is given out the price starts to go up—and you raise more wheat in one of your provinces than they raise in all Argentine! Don't you think if you organized for this fall marketing, the fact of your having done so would have a stabilising effect on the wheat market of the world? Here is what we want you to do: We don't ask you men to do a single new thing. We don't ask you to make a single change in the wheat industry. All we suggest to you is this: do what the dealers have already been doing to your good wheat. If they can do it, so can you. The Canadian Banks have been lending them money, good money, on your wheat in storage. The wheat is just as good when you own it as it is in the hands of the dealer. You are not going to ask Canada to do a different thing in financing, in deliveries, in handling, to do a different thing in exporting, or selling, from what it has already been doing. All you will do is, that instead of these things being done by the dealers, and for the dealers, you are going to say "We will do these things by and for the men who have grown that wheat." Now how can you do it? First, my recommendation is that you organize in this province a co-operative marketing association on an absolutely non-profit basis—not only in this province; they are going to do the same in Alberta, and we hope that they will do the same in Manitoba. In this association there will be one vote, one man. You will have about twenty-one directors; you will district for directors by one vote one man. You will elect your delegates, and you will elect a director from that district, and he will have to live in the district, and grow grain. You are not going to elect lawyers, and bankers, as directors; you are going to elect wheat growers as directors. If they happen to be bankers in addition even, they will make better directors; if they happen to be lawyers in addition, they will be still better directors, I hope! Your test will be that they are living and growing wheat in the district. Those 21 directors will operate with an executive of, say, five members, and they will operate through paid experts to handle wheat. All of you will pool your wheat by grading; you will deliver at country loading points, or at country local elevators. You will get a receipt showing just how many bushels of each grade you have delivered. You will get an advance payment, depending upon the loan value of that wheat; then the wheat will be sold in orderly market; it will not be dumped, it will be sold.

How many of you have ever heard of milling values? Did any of you men wonder why it was that certain American concerns established subsidiary branches in these provinces? Did you ever wonder why it was that they wanted to buy so much Canadian wheat? Did it ever occur to you that in your No. 1 Hard Wheat there was a premium over and above ordinary government grade prices. Did it ever occur to you that sometimes that premium is ten to fifteen cents a bushel, and did it ever occur to you that those very clever American operators knew that you did not know it, and they bought your wheat and sold it to Pillsbury's and others, and you got government grades for it. Did it ever occur to you that even our little, weak co-operatives in Washington and Oregon sell on milling values, and sometimes they have made from ten to twelve cents a bushel premium over the government grades, because of the fine milling value and gluten content of their wheat. Your co-operative will sell not on government grades, but on government grades, and milling values. I don't know how much it can get for that, because I am a lawyer and not a prophet, but I do know there is milling value in your wheat, that our American wheat buyers used to get it from the American millers. There is no doubt in my mind that the Englishmen who handle your stuff in Liverpool get it from some mills, and if they can get it you can get it, if you are organized right on your commodity. Money? You will get your advance payments without trouble. I am of the opinion that the Co-operative Elevator Company will actually sit in with you. You are the owners of these elevators, and your elevators have got to serve you if you say that they must serve you. Your elevators are yours, and you have not any doubt that with the fine spirit shown by Mr. Maharg and his associates that they will come over and join this movement completely. Those men are not going to wait to make you change their elevators; they are not going to wait until you have built something alongside of them. They may talk like that, but they just don't do it that way. In Kentucky, when we organized the Burley Tobacco Growers' Association, we called four meetings, and in four days, we signed up 137 out of 131, in which they gave us immediate possession of their plants, let us buy them, and let us pay them off at the rate of one-fifth per year. One of their men got up at a meeting and said: "I don't know how you men feel about it, but here is the way I feel: these farmers have already bought and paid for our warehouses about five or six times, and we would still own them; let us give them a chance to buy and pay for them, and own them at the end." And that is what that group of men did. (Loud applause.) I have not any doubt about your getting the elevators, and I have not any doubt but by forming a real wheat pool, with 50% or over of the wheat of this province signed up for this year, you and Alberta and Manitoba will be able to have a distinct and definite effect in stabilizing the wheat market of the world—upwards. The wheat movement of the world cannot be started anywhere else, except in Canada, because you are the key to the surplus exports of the world; and the best place—the one place—where it ought to be done, more than any other province, is Saskatchewan, where you raise more than one-half of the wheat of all of Canada in normal conditions. Now Alberta is going ahead. In my judgment Saskatchewan is going ahead. Then we are going to hope for Manitoba to go ahead, and then we are going to unite the three associations in the one central unit agency, which ought to handle even this year more than 50% of all the wheat of the Dominion of Canada. (Loud and prolonged applause.) And I ask you this: if you had 200,000,000 bushels of the finest wheat in the world under your control, do you think it would have some influence on stabilising market conditions upwards? Go ask the men at Liverpool how strong they would feel if they had even 50,000,000 bushels of wheat under contract—real wheat, not paper—real good Canadian wheat? Why, I tell you, it will do just what our cotton associations did in the South last year, when even the cotton gamblers had to admit that the eight cotton co-operatives were having a distinct and definite influence on the New York market in shooting the price of cotton upwards. Let me tell you, you cannot possibly get together and form a strong organization to handle about 250,000,000 bushels of wheat through Canada without putting into the world market the strongest single stabilising power in the whole world. You won't do it in a day, but you will do it in less than a year if you get busy. And then you will grow. New Zealand and Australia are ready to join you. They have even had men over here trying to get you to do something. Then we would have to try to find some way to organize Argentina, and tie up the surplus there with the Canadian and Australian surplus. When we come to the United States—take a State like Kansas. Almost one-seventh of the wheat produced in that state under co-operative marketing will be booked by—what? By some of the old-time Rochdale Elevators, where the managers have good jobs, and where the good jobs save them from seeing the needs of the farmers who pay them those salaries, and they blocked co-operation there until now the farmers are desperate, and there is going to be real leadership in Kansas this winter, and Kansas will be organized on a plan exactly parallel to your Canadian plan. Senator Clapper, Governor Davies of Kentucky, and men of like calibre are going

to take the lead and sweep aside those petty-minded men who have thought more of their jobs than they have thought of the thousands and thousands of families depending on them. And when we get our own country organized, and know how not to handle that surplus, you know that the American surplus, and the Canadian surplus, and the Argentine surplus, and the Australian surplus, they will be handled through one office in Liverpool—sometime within the next five years—and there will be no change because they are now sold and bought here and bought and sold at the office in Liverpool today. It will simply be a change as to who is pulling the strings, and who is getting the profits. Right now, you growers get low prices for wheat. The consumer pays high prices for flour. Who gets the rest? Well, go study England! Go study Winnipeg! Go study Chicago! Find out why the Armour Grain Company can be reported to lose millions in one season, and not close its doors. Go find out where your money goes, and you will find out that you can get a better price for your wheat without soaking the consumer. You can get your fair share of the consumer's dollar without making life a greater burden to the consumer. Don't forget! They told us in California we could not get higher prices unless we took it out of the consumer's hide. What we did was this instead: Where we got eight cents out of the consumer's dollar we are today getting 47 cents out of the consumer's dollar, without increasing that dollar! You won't get the same proportion on wheat, what you will do is to stabilise that price without the benefit of speculative dealers. How much it will bring you I don't know, but what I do know is this, you cannot be worse off than you are now, under the present system, and this system will at least give you a chance to do something constructive and real for yourself on intelligent merchandising. "Oh," but you say, "can it be done this year?" In my judgment it can not only be done this year but it will be done this year in Saskatchewan—if you want it. Let me tell you how to go about it. Your Premier said the chief need of Saskatchewan was a spirit of unity, and he is right! Why, you don't mind if I say something about Alberta, because I am a stranger to both provinces. In Alberta I never saw such a spirit in my life. I found that not only were the organized farmers ready, they were wildly anxious to form the pool, unorganized farmers, business men, merchants, practically all the papers agreed to join in the programme, all for putting through a real campaign for organising Alberta wheat within thirty days after this date. And they are going to do it, because there is no power on earth that can hold back that Alberta crop unless somebody double-crosses the movement. But from what we saw there, there is the most extraordinary spirit I have noted on the continent, everybody—government—press—to solve this problem, and to solve it by working together. Can we do that in Saskatchewan? I say "Yes"! The Premier has told you that he will back any real movement; the Farmers' Union—that is a new organization. It is not very strong, but they at least have some ideals. They say "We don't want to get behind a movement, not as a Farmers' Union, but as a great Growers' movement." This morning we had a conference with the Saskatchewan Grain Growers, and saw as beautiful a spirit shown by them as we have ever seen in any farm leaders, because they recognized that what they had started could likewise be set aside, and simply be part of the work of organizing the great Saskatchewan wheat pool. Your legislature and your Premier will be with you, I will tell you that. You remember what I said about the purchasing power of these cotton families in the South? How many pairs of shoes could they buy at \$390.00 a year? How many papers do you think they could subscribe for? How many doctor's bills, how much taxes could they pay for roads? How much taxes could they pay for schools? If you would look at those little places down there in the south you would see they had no purchasing power. All the little towns were broke, and the bankers did not have the merchants putting any money in the banks. Those towns were away behind any other section of the entire United States—except the tobacco areas, which were a bit worse! No purchasing power to the farmers—no prosperity to the merchants, and your merchants know that! They know that 82c wheat to your growers means mighty small purchasing power in Saskatoon! 82c wheat, and you are not going to run around even in Fords this year. 82c wheat, and you are putting patches on everything you own, and you won't buy a new thing in any store. 82c wheat, and you won't buy that new rocker, not even the cheapest type. 82c wheat, and you will not even renew your subscription to the Saskatoon "Star"! (Loud laughter and applause.) But what I wanted to say was this, that with an 82c price your purchasing power is crippled, and everybody in town here is going to feel it, and your advertisers and your stores won't do things as well; they will cut down even on the advertising, because it is no use advertising to people who cannot buy. You will find out that even your newspapers will line up with you, because all the big interests are tied up with the press.

Now I will tell you this: I have seen some of your merchants, and several members of your Board of Trade, and I do not think they are thinking of the selfish side of it because this is one of the things where a man's selfish



interest is absolutely inseparable from his unselfish services. It will profit those men to have you organize right, but more than that they want you to succeed because no decent Canadian can look calmly and quietly and happily upon discontent and discomfort in the homes of the men upon whom the greatness of Canada rests today. Those men, both as citizens and as merchants, will be behind you. I tell you, we will unite the farmers, the unorganized farmers, the tradesmen, the professional men, even the press will unite on this programme if you want them to be so united. How can that be done? First, we are suggesting that all the efforts which have been made thus far be forgotten, and that a new organization committee be created to work out the whole proposition—that the committee contain about eighteen men, five from the Saskatchewan Grain Growers, three from the Farmers' Union, two from the unorganized farmers; it ought to contain a banker, a journalist, some member of the merchant bodies in the north, some merchant of the south, some representative of the co-operative elevators, some representative of the privately owned elevators, a representative of the government, and some great big chairman, and that this be a Saskatchewan committee—not a committee of the Grain Growers, not a committee of the Farmers' Union, but a committee representing—what? Representing the best thought in all Saskatchewan, a committee of the Province, a committee that will work this out from the standpoint of all the dominant commercial and intelligent interests of the whole Province. Then that committee is going to meet and write out a contract—a long term contract, and we have any influence with the committee at all. Then the contract will be circulated among the growers, the committee will have an executive committee in charge of the campaign. It will carry on the campaign through all the existing local organizations and through new local committees to be formed, and the tradesmen must go on these committees and help the growers to put over this organization. They will have a week or so of preparatory work to get the documents out, and to get the educational work started; then they will have a sign-up week, and in one week we believe that there will be over 1,000 volunteer workers in this Province of Saskatchewan, and that you will sign up not one-half, but at least two-thirds of all the wheat growers in the Province. And in the meantime there will be a sub-committee of this organization out working with the elevators, another working on finance, another working on personnel, to seek out the managers, another working on operation, to figure out how they will do respecting getting their wheat from wagons to cars, from cars to elevators, from elevators to grain centres, and all the other processes; and another committee to work out drafts, acknowledgments, agreements with banks, and other documents that may be needed. Why, sure, men! I have seen this movement done before! I have seen them go, often! We know all kinds of things have to be anticipated. I tell you that if you want you can organize Saskatchewan to the extent of two-thirds of the Province within the next twenty-five days, and be ready to elect your directors and get the organization going in the first week of September. And if you do it, you will have taken the first great step towards solving the wheat problem of the world, as far as you are concerned. Alberta will be ready. Saskatchewan, you cannot allow Alberta to beat you on the problem in which you have more interest than Alberta. And Manitoba? I think that Premier Bracken is not going to allow the other two provinces to get away with it and beat his province on a good, progressive, forward and necessary operation.

There is the whole story. I tell you it can be done, easily, within the thirty days—provided you want it, and provided your leaders want it, and provided your leaders do not take positions on the committee with their fingers crossed. Even that has been done! And you are going to watch this so that no man will go on that committee just to give the appearance of co-operation. If they go on the committee they have got to see it through, or show you why! Saskatchewan should be too hot for anyone to live in if he double-crosses the farmers at this stage of the game! (Loud and prolonged applause.) This can be done! By whom can it be done? By you, assisted by your leaders, by all of you, not the farmers; tradespeople, farmers, government, farm leaders. It can be done! Why do I speak so forcefully? Why do I say it can be done? I should say "It **MUST** be done"—and why do I say that so positively. I will tell you why: You see, I saw California before they had very much co-operation, and I have seen California since they have had lots of co-operation, and I have seen the results of this movement in California. It is not so long ago that they used to board up churches in California in the rural districts because they could not pay the salaries of the ministers; not so long ago that they had to operate the schools three months in the year instead of nine; not so long ago since you could see women and children working in the fields because they could not afford hired men, and they had to get the kiddies to do men's work, and hard work at that. And I say that wherever in the State of California

they have had co-operative marketing for a five-year term or more; they have changed the face of the State. Don't think that the only things in California are climate and movie scandals. Look up how the outsiders write up California, and you will find that in all the United States California ranks first in rural homes, first in rural roads; first in rural schools, first in rural churches, and first in recreation grounds; libraries; highest in the salaries paid rural teachers, and highest in the salaries paid rural ministers. California farmers carry much more life insurance than any other group of farmers in the United States; California farmers have the loveliest homes of any farmers in the United States. Now this is not an ad for California. I was telling you that so that you would know what our California farmers have done with the money. There are more than 60,000 farmers who get more than \$2,200.00 a year net, and there are over 100,000 who get more than \$1,600.00 a year net. Those farmers have not invested that money in oil stock or dropped it in the ocean. They have invested the money in the real things of life—they have built schools and roads. Men and women work together on this thing. We were aiming at the dollar, and we broke right through the dollar and hit the standard of living on the farm! We put a decent economic basis under farming! And the California farmers have built up on that basis the finest rural system in the United States. It is not merely what is in your bank book; it is what is in your soul! Here in California we have men who are contented men, men who do not hate the townfolk, men who work side by side with the city men, men who recognize that they could not make good in their own industry if the city men were not working with them. Our State is not split in two with the town against the country. Our State is ONE, and you have the farmer, and the merchant, and the banker, and the journalist, and the lawyer, and the minister, and the teacher walking abreast in the interests of California. Why? Because those men concentrated on finding an economic remedy for an economic ill. They did not try a political remedy for an economic trouble; they tried an economic remedy for an economic ill, and they found the community fusing together successfully in that work, and not being disrupted by false aims. On the farm we have got boys and girls growing up knowing that their fathers have solved their own problems, knowing that their fathers are not leaning on a government, knowing that their fathers are not leaning on a speculator, but that their fathers are standing upright on their own feet, and carving out their own kind of independent prosperity. Why, folks, you have read that the University of California today has the largest enrolment in the entire United States, and it is not the best University—I know it, because I am a graduate of their law school—it is a good university, but not by any means the best. You can go down there and you can see literally thousands of farm boys and girls whose fathers send them through University, and they go through University and graduate and back to the farm, because farm life can be made sweet and profitable, even for an educated man, as any possibility in the city. When will you learn that you are not dealing with wheat? What you are dealing with is human lives, what your children will eat, what your children will wear, how you will pay the doctor, how you will send them to school, whether you will have taxes to pay for roads, whether you will even have taxes enough to start and pay off the national debt. It is not wheat at all! It is all of your standard of life wrapped up in the doings of a little gang of men at Winnipeg, a larger gang of men at Chicago, and a cleverer gang of men at Liverpool—all of your wheat, all of your elevators—all handed over to everybody else to play with!

Well, now, men, even if you don't want to think of yourselves, think of your youngsters! Think of the change! This system they have got to live under, the conditions you and I helped to make for them, are not the thing under which you are going to raise fine Canadian citizens. You know they are the conditions under which you are going to raise discontented, helpless and embittered Canadian citizens. How are you going to change it? Get wise! Organize! Organize rightly, and if you do it now, you will not only be doing the greatest thing you have ever done for yourselves, for your own bank books, but you will be contributing the finest thing you have ever done towards the standard of living in your home, towards the citizenship of your whole province, and to the real prosperity and well-being of the whole Dominion of Canada. I tell you, people of Saskatchewan, that it can be done. If you only will to do it, no power can stop you, and if you are the people of fine and independent spirit that I have come to believe Canadians are, you are not going to leave this place until you have dedicated yourselves to undertake, now, this programme of intelligent self-help, of independent co-operation, of wise handling of your business, of building up the standard of living in your homes by wise economic care, and by a co-operative widening spirit towards all who live about you. If you of Saskatchewan want it, go in and do it now! (Loud and prolonged applause.)

**Chairman:** Ladies and gentlemen, just a few moments now. We are all curious to know how many farmers and farmers' wives are here. Is it too much trouble to ask you to put up your hands? (A large number of hands were shown). Now business and professional men. (A smaller number of hands went up).

Now, of the farmers we have a pretty good idea, by this show of hands, of how many there are. What is your view of the plan outlined by Mr. Sapiro. Show by your hands your general approval or otherwise. (Many cries of "For approval" and a large number of hands raised).

Now, those who think it is not practicable, have the courage of your convictions! Not one hand was raised).

**Chairman:** Now the business men. Mr. Sapiro has told you how important the business men—and women—are. The business men present who are impressed with the soundness of the proposal, please signify. (A large number of hands were raised).

Against? (Not one hand—was raised against the scheme). (Loud and prolonged applause).

**A voice from the audience:** How about the Government? (Loud laughter and applause).

**Chairman:** Well, the proper thing for me to do at this juncture would be to ask you to sing the National Anthem, wouldn't it? (Laughter, and cries of "No, No").

Well, I am not going to be a douche of cold water. As I said at the outset, if you want to do this thing, it can be done. It can be done—if you want to do it. It cannot be done if you don't! What I said at the outset is correct, and it still stands. So far as the Government is concerned, we will stand behind the effort; we are willing to co-operate with the effort in the manner outlined by Mr. Sapiro. (Loud and prolonged applause.) Wait a moment! That co-operation is clear. It does not mean that the Government is going to spoon feed you. I understand, if you have got the spirit of the address correctly to which you have listened, you will be insulted in future when anybody suggests you should come to the Government for financial assistance. I sincerely hope, for the sake of the future of Saskatchewan, that that idea spreads! We have become too much accustomed in recent years to believe we can lift ourselves by our boot straps, and I have a broad back but I cannot bear all the troubles of all the people in Saskatchewan.

The Government will co-operate. There will be a representative of the Government on the committee if you decide to adopt this scheme. That representative will be there, and I can promise you he will be a man who will lend careful and sincere help. In the question called from the audience you exhibited your usual tendency! Why did you want to know about the Government? Because you have been too accustomed to leaning on us. Didn't you get the whole spirit of that address? Stand together, and do something for yourselves! That is what it means! The Government is behind you.

Now, I understand there is no other business. We will therefore rise and sing the National Anthem.